



## SECTION 5: RTP FINANCIAL CAPACITY

One of the key elements of the New Starts process is an assessment of the ability of the local agency and local sponsors to support the financial requirements of the proposed system. During the next phase of the project, a financial plan will be developed to address the City's costs and resources and long term ability to fund the proposed improvements. For the Rapid Transit Project, the most important factor will be the availability of a local source of funding that can fund both a significant portion of the capital requirements of the project, the ongoing operation of the new high capacity system, and the continued operation of the existing background bus network including any changes that might be needed to support the high capacity plan or normal system expansion.

The FTA evaluates two major aspects of financial capacity: (1) financial condition and (2) financial capability:

*Financial condition* refers to the continued viability of existing transit services given the available resources. The City of Albuquerque has a balanced budget for Transit and has weathered some difficult financial challenges over the past years. The fiscal year 2003 budget identifies about \$24 million in revenues and expenditures for the Albuquerque Transit Department, down 1.2% from fiscal year 2002, but still balanced. Notably, the City has no outstanding debt associated with Transit improvements; so all revenues are committed to service and support.

The New Starts assessment of *financial capability* refers to the Transit Department's ability to fund the proposed RTP improvements from future revenues. In the case of most New Starts projects, there is an expectation that the local agency provide a substantial amount of the capital cost (usually about 50%, though the TEA-21 specifies a minimum of 20%) and all operating costs.

In addition to the DEIS, a Financial Plan that supports the locally preferred alternative is a required element of the New Starts process and a prerequisite to obtain approval from the FTA to begin Preliminary Engineering. In keeping with this objective, the preparation of documents necessary to accurately reflect the City's financial capacity will be the primary focus of financial planning efforts during the next phase of the RTP.